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NATIONAL INTELLIGENCE DAILY CABLE

Monday 10 July 1978

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National Intelligence Daily Cable for Monday, 10 July 1978.

The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

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[redacted] The cease-fire continued to hold in Lebanon over the weekend despite sporadic small arms fire. Lebanese President Sarkis has not yet rescinded his threat to resign. Both the Syrians and the Israelis are said to have placed some forces on alert, but Christian radio reports that Israeli troops have entered Lebanon are erroneous.

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[redacted] Despite some expectations that Sarkis would withdraw his threat to resign, he has not yet announced his final intentions. Almost all Lebanese political leaders as well as numerous foreign envoys have urged him to remain in office. A Beirut newspaper reported yesterday that Sarkis would address the nation within the next two days.

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ITALY: Background to Pertini's Election

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[redacted] The election Saturday of veteran Socialist Sandro Pertini as Italy's President was undoubtedly welcomed most warmly by those political leaders who favor continued cooperation between the Communists and the government.

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25X1 [] Pertini's election came on the 16th ballot by the electoral college, the parliament-based body that had been in session since 29 June. His margin of victory was provided by the governing Christian Democrats after they and the other parties failed to agree on one of the more prominent or politically active candidates. Pertini is 81 and has not held an important post since retiring as president of the Chamber of Deputies two years ago.

25X1 [] The lengthy maneuvering for the presidency centered on the competing aims of two groups of political leaders. One included Prime Minister Andreotti, Christian Democratic chief Zaccagnini, and the Communist leadership. Although their motives varied, these leaders hoped to retain the present governing arrangement, under which the Communists provide crucial parliamentary support for the Andreotti government.

25X1 [] The other group, including Socialist chief Craxi and some influential Christian Democratic conservatives, was hoping to strike a deal that would encourage an eventual revival of the old Christian Democratic - Socialist alliance and retard the trend toward closer relations between the Christian Democrats and Communists.

25X1 [] Pertini has a reputation for being his own man, but the Communists probably feel assured that he will not work actively against them.

25X1 [] The Christian Democrats' inability to elect one of their own over the left's opposition--combined with uncertainty about Craxi's motives--apparently gave the upper hand to Andreotti and Zaccagnini. They were interested mainly in political stability and saw Pertini's candidacy as a way of enhancing it.

25X1 [] Andreotti is now freer to turn to long-neglected policy matters than at any time since taking office in March, but he will be operating in a particularly tense political atmosphere. While Christian Democratic conservatives will be especially opposed to the party's making any concessions to the Communist Party, the Communists have concluded that they must respond to losses in recent local elections by taking a more demanding attitude toward the government. []

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NAMIBIA: The Shipanga Factor

25X1 [] *The decision by Andreas Shipanga, the disaffected former Minister of Information for the South-West Africa People's Organization, to become actively involved in Namibian politics could lead to a realignment of political forces inside the territory. Although courted by both major Namibian political coalitions since his release from detention in Tanzania in May, Shipanga has chosen to form his own party--the SWAPO Democrats. He has also announced his support for the Western independence program for Namibia--a move that increases pressure on SWAPO to accept the program.*

25X1 [] Shipanga, now in Western Europe, has criticized SWAPO's refusal to accept the Western plan on Namibian independence, a package South Africa accepted in April. Because of the wide publicity given to Shipanga, SWAPO fears he may sway Western support away from SWAPO and undermine its popular support inside Namibia.

25X1 [] Last month, Shipanga rejected an initiative to join the South African-backed Democratic Turnhalle Alliance on grounds that the Alliance is too ethnically and regionally based. Shipanga feels a greater affinity for the centrist Namibian National Front, which espouses a nonethnic solution.

25X1 [] Shipanga nevertheless decided against joining the National Front and opted instead to form his own movement that will be associated informally with the National Front. Shipanga justifies this decision primarily on the grounds that after two years in detention he needs more time to assay the situation before committing himself to a particular political group or point of view.

25X1 [] Several SWAPO members who were in detention with Shipanga are reported planning to return to Namibia soon to drum up popular support. Shipanga has been under pressure to return, but has said that he will not do so until the outcome of negotiations involving SWAPO, South Africa, and the five Western powers is known.

25X1 [] Much of the pressure for his return comes from the National Front, which hopes to capitalize on Shipanga's presence to strengthen its weak political organization. Shipanga is a charismatic leader and probably could generate a substantial following in Namibia.

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[redacted] If Shipanga returned to Namibia and joined forces with the National Front, he might attract some of SWAPO's more moderate members--particularly those who have been operating legally inside the territory. //There is also a chance that a Shipanga-led coalition with the National Front might succeed in splitting the Democratic Turnhalle Alliance. The Herero tribal faction in the alliance has just elected a new chief who is much more sympathetic to the Front than the group's former leader.// [redacted]

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TURKEY-USSR: Economic Agreement

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[redacted] *The draft trade agreements negotiated by Turkish Prime Minister Ecevit during his recent visit to Moscow call for a considerable expansion in bilateral trade over the next three years. The Turks will barter wheat and tungsten for Soviet oil, and the USSR plans to assist Turkey with oil, steel, and aluminum projects. The agreements establish a framework for future discussions without committing either side to specifics. Ecevit apparently rebuffed Soviet attempts to form closer political relations.*

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[redacted] The Turks and Soviets envision boosting the value of trade between now and 1981 from roughly \$300 million to more than \$800 million. Turkey would offer products including wheat, textiles, and various manufactured goods in exchange for Soviet fertilizer, coking coal, iron ore, steel, and machinery. The Turks need not become dependent on the Soviets because they could reenter hard-currency markets for the commodities being traded. The trade arrangement, if fulfilled, would not seriously alter Turkey's current account deficit.

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[REDACTED]

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[REDACTED] A separate protocol concerns Soviet technical assistance and equipment for oil prospecting, refinery construction, and steel and aluminum mill expansion. All of this aid would be provided under a credit arrangement signed in 1975 and raised to \$1.2 billion earlier this year; drawdowns are expected to run over the next 10 years.

[REDACTED] The agreements will clearly strengthen economic relations between the two countries. During the same visit, however, Ecevit apparently resisted Soviet pressures to move very far toward political rapprochement. The two sides signed a bland friendship and cooperation document that essentially restates the principles of the Final Act of the Helsinki Conference.

GUYANA: Fraudulent Referendum

[REDACTED] *Guyanese Prime Minister Forbes Burnham will ride roughshod over an opposition boycott and win a constitutional referendum today that will enable him to postpone elections and entrench his ruling party.*

[REDACTED] The many opponents of Burnham announced the boycott last week after it became clear that their political protests and legal challenges would neither halt the voting nor alter its near-certain outcome. Burnham has engineered his victory by monopolizing the state-owned media, using thugs and the police to harass opposition militants, and applying strong pressure on businessmen and church officials.

[REDACTED] //The opposition includes virtually all of Guyana's professional groups, the council of churches, opposition unions, minor parties of every political stripe, and the bulk of the East Indian population. It was nevertheless unable

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to combat Burnham's tightly controlled government machine and was unwilling to risk a direct confrontation with his security forces.

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Burnham's victory in the referendum, the impact of which is not widely understood among the populace at large, will allow his parliamentary majority to make constitutional changes legally and thus put off elections that his party would have found difficult to win in the midst of the country's severe economic downturn. The way is also open for Burnham to write an authoritarian constitution that will give his entrenched party a whip-hand in the future.

Despite the political advantages the Prime Minister gains, Burnham must still face the country's economic difficulties. Although he is sensitive to potential international criticism, he may well have underestimated its effect on Guyana's ability to obtain vital foreign aid.

The Jamaican press, for example, has already scored the referendum as a travesty of democracy and even leftist Jamaican journalists have accused Burnham of disguising a simple power grab as a "socialist advance." If such criticism picks up, Burnham's victory could be Pyrrhic.

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MALTA: Neutrality Guarantees

Maltese Prime Minister Mintoff has set a 31 July deadline for a response from major West European countries on the neutrality guarantees and economic assistance he is seeking to bolster Malta after the British withdraw next March. Mintoff wants the US to help prod a response from the Europeans and, as part of his pressure tactics, has increasingly suggested that other alternatives--Libya and possibly the USSR--are open to him.

In a meeting last week with US Ambassador Laingen, Maltese Foreign Secretary Abela urged the US to take a more active role in persuading the West Europeans to make Malta

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an offer on financial aid before 31 July. Citing the inconclusive results of his recent soundings in Bonn, Paris, and Rome, Abela asserted that US efforts have had no effect to date and that Malta would turn to the Arabs for assistance if the deadline passed without a European response. This is a familiar Maltese refrain.

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[] Mintoff's strategy received a boost last week from Libyan President Qadhafi, who strongly reiterated his support for Mintoff's policy of neutrality and nonalignment during a visit to Valletta. He backed this support with offers of military and economic assistance. One problem for Mintoff, however, is the general wariness of the Maltese population about closer relations with Libya.

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[] In a speech during Qadhafi's visit, Mintoff reaffirmed his opposition to any close military relationship with either superpower. The USSR, however, has been courting Malta vigorously in the past few weeks. It has attempted, for example, to improve maritime links and establish air service between the two countries. While Mintoff remains suspicious of Soviet motives, he seems more willing than in the past to talk to the USSR and clearly wants to highlight this dialogue as part of his pressure tactics with Western negotiators. []

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INDIA: Janata Dispute Calmed

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[] *Indian Prime Minister Desai and former Home Minister Singh have sought to temper the dispute within the ruling Janata Party that intensified after Desai dismissed Singh.*

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[] Singh announced on Thursday he intended to cancel a mass meeting of his rural supporters called to protest his ouster from the cabinet on 30 June. Yesterday, those Janata leaders seeking to prevent a split within the party succeeded in persuading the Janata General Secretary, Rabi Roy, to withdraw his resignation, submitted a week ago to protest Singh's ouster from the Cabinet.

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[] Prime Minister Desai, apparently attempting to calm the situation, stated on Saturday that "it is very likely" that former Prime Minister Indira Gandhi will be prosecuted on charges of misusing her power during the period of emergency rule from 1975 to 1977. Desai insisted, however, that Gandhi

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would be tried in ordinary courts and not by a special tribunal as sought by Singh and his supporters. It was Singh's criticism of the Janata's failure to prosecute Gandhi that led Desai to dismiss him and his chief supporter, Health Minister Raj Narain.

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[] Desai yesterday welcomed Singh's decision to cancel the proposed rally and stated his willingness to meet with Singh. The Prime Minister also said that he would not reconstitute his cabinet for at least a month. Desai thus left open the possibility of a reconciliation with Singh. The US Embassy in New Delhi reports that a source close to the Prime Minister believes that it is possible that Desai may bring Singh back to the cabinet in a less important job than Home Minister.

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[] The present truce among various factions within the delicate Janata coalition indicates that party leaders want to maintain an appearance of unity while they sort out their differences--a process that will probably take some time. If the Janata Party's split persists, Mrs. Gandhi's political comeback could be facilitated. []

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BRIEF

Bolivia

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[] General Juan Pereda is almost certain to emerge as the winner of yesterday's presidential election, Bolivia's first in 12 years. Throughout the campaign Pereda attracted the strongest show of public support, and additional key groups threw their support to him as the race drew to a close last week. Even though Pereda would probably have won on his own, the military--which will continue to supervise the political process--may well have stuffed ballot boxes in some departments to ensure his victory.

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[] The election of Pereda would mean the continuation of the moderate political line and emphasis on economic development that have characterized the government of the incumbent, President Banzer.

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[] Preliminary unofficial vote totals probably will be available today, but the official result may not be known for several weeks. []

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